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Chairman: Mr. Maurer ..... (Switzerland)
later: Mr. Rosales Díaz (Vice-Chairman) ..... (Nicaragua)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Ms. McLurg

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The meeting was called to order at 10.05 a.m.

Agenda item 136: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/64/11 and A/64/68)

1. **Mr. Badji** (Senegal) stressed the importance of maintaining a floor rate for the least developed countries in order to take account of their particularly fragile economic situation. Although the economic and financial crisis had affected all countries, both rich and poor, it should not be used as a pretext to question the principle of capacity to pay or to attempt to change the methodology used for the scale of assessments with a view to increasing the contributions of poor countries, especially those in Africa. It was vital not to place on those countries an additional burden that they could not meet. Since Senegal was already committed to major investments in the areas of infrastructure, education, health and poverty eradication, aimed at accelerating progress towards meeting the Millennium Development Goals, it could not join in any compromise likely to increase significantly the assessed contributions of the least developed countries. A fair and equitable solution that took account of the interests of all Member States must, instead, be found.

2. **Mr. Safaei** (Islamic Republic of Iran) said that his delegation fully supported the recommendation of the Committee on Contributions to permit those Member States that had requested exemptions under Article 19 of the Charter to vote until the end of the sixty-fourth session of the General Assembly.

3. Since the Committee on Contributions was the sole expert body mandated to advise the General Assembly on the scale of assessments, its report should provide a comprehensive platform for the Assembly's discussions. Member States must be assured that every effort had been made to obtain accurate information on their national economies and that the Committee's recommendations were indeed based on the most current, comprehensive and comparable data available for gross national income (GNI).

4. The decision to establish a reduced ceiling of 22 per cent had been a political compromise aimed at improving the financial situation of the United Nations. Bearing in mind that General Assembly resolution 55/5 C provided for a review of the matter, he expressed concern that the Secretariat had not provided the Fifth Committee with information on the application of the current methodology without the 22 per cent ceiling, and that the report of the Committee on Contributions (A/64/11) did not refer to such a review.

5. His delegation was also concerned that, although General Assembly resolution 55/5 B provided for the application of specific measures in the event of excessive fluctuations and distortions, many developing countries faced significant increases in their assessments at a time when their economies were experiencing considerable difficulties. Since that clearly undermined their capacity to pay, the report of the Committee on Contributions should have contained concrete proposals for avoiding such increases. Instead, the Committee had not even recommended addressing them by means of a phasing-in mechanism. The decisions of the General Assembly on the agenda item under consideration must take account of the special difficulties faced by developing countries.

6. **Ms. Jónsdóttir** (Iceland) said that financial responsibilities should be shared among the Member States of the United Nations on the basis of fairness and the principle of capacity to pay. Her delegation concurred with the Committee on Contributions that the best way to embody that principle was to use the most current and comprehensive GNI data available. As a result of sweeping changes in the world economy, accentuated by the recent global financial turmoil, the current scale of assessments no longer reflected economic realities. Based on the current methodology, her country's assessed contributions for 2010-2012, for example, would be over 27 per cent higher than warranted by its share of the world economy, as calculated by the Committee on Contributions. Such discrepancies were clearly not in line with the principle of capacity to pay, and some adjustments were therefore needed to ensure that the scale of assessments remained fair and equitable. While her delegation acknowledged that other considerations, including the need to provide relief to the most vulnerable countries, must also be taken into account in establishing the scale, some countries that had experienced buoyant economic growth in recent years should now assume a share of the regular budget more in line with their position in the world economy.

7. **Mr. Yaroshevich** (Belarus) said that the Committee on Contributions had made a number of contradictory recommendations. In particular, he questioned its decision not to adjust the conversion rates of all 11 countries identified for review under the

criteria outlined in paragraph 67 (a) of its report (A/64/11). Recalling that the Committee on Contributions had previously adopted a formula by means of which price-adjusted rates of exchange (PAREs) would be used for countries whose per capita GNI growth in United States dollars exceeded 1.5 times the world per capita GNI growth factor, he said that since Angola, Armenia, Azerbaijan, Belarus, Equatorial Guinea, Georgia, Iraq, Kazakhstan, Romania, the Russian Federation and Ukraine all fell into that category, PAREs should be applied to them. As already pointed out by Ukraine and the Russian Federation at the Fifth Committee's 2nd meeting, the proposal not to use the PARE mechanism for the entire cluster of countries was in breach of long-standing practice. The replacement of market exchange rates (MERs) by PAREs for all 11 countries would establish their assessed contributions at an appropriate level and was necessary in order to restore justice.

8. **Ms. Molemele** (Botswana) said that her delegation concurred with the recommendations of the Committee on Contributions regarding exemptions under Article 19 of the Charter. She also commended the political will shown by Liberia to meet its financial obligations to the United Nations by adopting a multi-year payment plan and making annual payments under the plan that so far had exceeded its assessed contributions.

9. **Mr. Rahman** (Bangladesh), reiterating his delegation's long-standing position that Member States must fulfil their financial obligations on time, in full and without conditions, said that the scale of assessments for 2010-2012 should reflect the principle of capacity to pay, determined on the basis of recent GNI data converted at market exchange rates, except where that would cause excessive fluctuations and distortions in income. Purchasing power parity (PPP) was neither reliable nor appropriate as an element of the scale, among other reasons because the basket of goods used to estimate PPP was not homogenous across countries. The updated scale must be based on the current methodology, maintaining the floor rate at 0.001 per cent and the least developed countries ceiling at 0.01 per cent. The base period, debt-burden adjustment and low per capita income adjustment, which the Committee on Contributions had decided to consider further at future sessions, were also crucial in order to reflect accurately the true capacity to pay of Member States.

10. His delegation strongly supported the conclusions of the Committee on Contributions regarding the requests for Article 19 exemptions received from six Member States, and its recommendation to allow those countries to vote until the end of the sixty-fourth session of the General Assembly.

11. It was vital to obtain reliable, verifiable and comparable statistical data from authentic Government sources. Yet, in the case of Member States from which replies to the national accounts questionnaire had not been received, information was sometimes collected from the websites of their central banks or ministries of finance. Since data on websites were not always updated, that practice might result in the erroneous assessment of contributions. The Committee on Contributions should therefore consider involving the permanent missions to the United Nations in the collection of statistical information.

12. **Mr. Seyla** (Cambodia) said that the new scale of assessments should be based on the methodology used for the 2007-2009 scale, since the existing methodology reflected the fundamental principle of capacity to pay and had been negotiated in a consultative process involving all Member States. It was important not to further complicate matters by introducing new, disputable, elements of concern to most delegations, including his own. It was his clear understanding that the overwhelming majority of Member States shared his delegation's view.

13. **Mr. Al-Dhabiri** (Kuwait) said that capacity to pay should remain the fundamental criterion in the apportionment of the expenses of the United Nations. Any future scale should not increase the rates of assessment of developing countries. Yet the current economic and financial crises would lead to a significant increase in the rates of assessment of developing countries, including Kuwait, even though they had not been in any way responsible for causing those crises.

14. His delegation supported the multi-year payment option as that gave Member States the opportunity to satisfy their obligations to the Organization. It also supported the recommendation of the Committee on Contributions regarding the exemptions requested under Article 19 of the Charter.

15. The Committee on Contributions should continue to determine rates of assessment using current methodologies. There should be no arbitrary increases

in the rates of developing countries as that would result in a distortion of the scale with a negative effect on capacity to pay.

16. **Mr. Seyoum** (Eritrea) said that it was important not to allow the work of the Fifth Committee to become politicized, since that would hinder its members' ability to fulfil their common purpose. He urged all delegations to maintain a human face in their deliberations and focus on what they could do together to make a positive difference in the lives of the people they served.

17. His delegation considered that it would be in the interest of all Member States to apply the current methodology in preparing the scale of assessments for 2010-2012, notwithstanding the undesired consequences for some developing countries, since it was based on the fundamental principle of capacity to pay and had served the Organization well. He looked forward to the Committee's unanimous adoption of a draft resolution that would permit the six States that had applied for Article 19 exemptions to vote until the end of the sixty-fourth session of the General Assembly.

18. *Mr. Rosales Díaz (Nicaragua), Vice-Chairman, took the Chair.*

19. **Mr. Koumato Kibgue** (Chad) said that while, owing to administrative constraints, his country had been in arrears in the payment of its assessed contributions on 26 June 2009, when the Committee on Contributions had concluded its sixty-ninth session, it had now met all its financial obligations to the United Nations and was no longer subject to the application of Article 19 of the Charter. It had, in fact, contributed in excess of the amount outstanding, in anticipation of future obligations to the regular budget.

20. **Mr. Greiver** (Chairman of the Committee on Contributions) noted that the Committee's work had been made more difficult at its sixty-ninth session by the absence of any precise instructions from the General Assembly; it had therefore had to take a pragmatic decision on how to proceed with its review. All the comments and opinions expressed by delegations were valuable and would be duly transmitted to the Committee. Lastly, Chad was to be congratulated for having completed the payment of all its arrears in contributions since the conclusion of the Committee's session on 26 June 2009.

Agenda item 145: Scale of assessments for the apportionment of the expenses of United Nations peacekeeping operations (A/64/220)

21. **Mr. Yamazaki** (Controller), introducing the report of the Secretary-General on the implementation of General Assembly resolutions 55/235 and 55/236 (A/64/220), said that the Assembly, in its resolution 61/243, had decided to carry out a review of levels of contribution for peacekeeping operations at its sixty-fourth session, and had also requested the Secretary-General to report to it on the updating of the composition of levels of contribution for peacekeeping operations for the period 2010-2012.

22. By its resolution 55/235, the Assembly had established a new system of adjustment of regular budget scale rates in determining Member States' rates of assessment for peacekeeping operations. That system was based on a number of criteria, including a comparison of the average per capita gross national income of each Member State during the six-year base period used for preparing the scale of assessments with the corresponding average for all Member States. The criteria were used to place Member States in one of 10 categories, from A to J.

23. The Secretariat, acting on the basis of resolution 55/235 and the practice adopted by the Assembly for the composition of levels for the period 2001-2003, had updated the composition of levels for the periods 2004-2006 and 2007-2009 using average GNI data for the six-year base period used by the Committee on Contributions in considering the scales of assessment for those same periods.

24. In updating the composition of levels of contribution for peacekeeping operations for the period 2010-2012, the Secretariat had been guided by the provisions of resolutions 55/235 and 55/236, the understanding of the mandates therein as outlined in earlier reports, and the practice adopted by the Assembly in fixing the composition of levels for earlier periods. Accordingly, data for the period 2002-2007 had been used in updating the composition of levels for 2010-2012. The composition of levels had been updated pursuant to resolution 55/235 on the basis of each Member State's average per capita GNI for 2002-2007 compared to the membership average of $6,707.92. The updated composition of levels also took into account a request from Hungary regarding its voluntarily established level.

25. The updated composition of levels, subject to adjustments by the General Assembly, would be used together with the scale of assessments for 2010-2012 to establish each Member State's peacekeeping rate of assessment. Until a new regular budget scale was adopted, it would not be possible to determine the corresponding rates of assessment for peacekeeping operations. However, in order to facilitate the Assembly's review of the structure of contributions for peacekeeping operations, the report (A/64/220) presented peacekeeping rates of assessment corresponding to the scale for 2010-2012 included for information in the report of the Committee on Contributions (A/64/11).

26. **Mr. Elhag** (Sudan), speaking on behalf of the Group of 77 and China, said that peacekeeping was one of the most important functions of the United Nations and peacekeeping operations should be provided with all resources required to carry out their mandates.

27. The Group affirmed that the current principles and guidelines for the apportionment of the expenses of peacekeeping operations should serve as the basis for any discussion of the peacekeeping scale. That scale should clearly reflect the special responsibilities of the permanent members of the Security Council for the maintenance of peace and security. Economically less developed countries had a limited capacity to contribute to the budgets of peacekeeping operations, therefore any discussion of the system of discounts applied in calculating the peacekeeping scale should take into account the situation of developing countries, whose current positions should not be negatively affected.

28. Member States should reaffirm the principles that underlaid the financing of peacekeeping operations and give special consideration to the least developed countries, many of which were the focus of peacekeeping operations, in view of their situations.

29. The Group was profoundly concerned that the automatic application of the current system of discounts had resulted in a situation whereby some developing countries had been assigned to level B, the de facto level for the developed world, and forced to relinquish their discounts. Since no developing country should be classified above level C, the anomolies in the current system of discounts should be corrected in order to ensure a fair and just distribution of the levels of discount. Such a corrected system of discounts should be adopted without delay so that it could be used in the preparation of future peacekeeping scales.

30. He reaffirmed the Group's position that the full and timely payment by Member States of their assessed contributions to the budgets of peacekeeping operations was a collective responsibility. The Group stood ready to assume its obligations under a fair and just system of discounts, one that took fully into account the principles that governed the apportionment of the expenses of peacekeeping operations.

31. Any negotiations on the peacekeeping scale should be conducted in an inclusive and transparent manner in order to uphold the legitimacy and competency of the Committee as the sole Main Committee of the General Assembly entrusted with responsibilities for administrative, financial and budgetary matters. The Group was strongly opposed to decision-making in small groups and to the imposition of conditions on negotiation.

32. **Mr. Örnéus** (Sweden), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Montenegro and Serbia; and, in addition, Armenia, Republic of Moldova and Ukraine, said that the regular budget and peacekeeping scales should ensure a fair and balanced distribution of financial responsibilities among Member States. However, the methodology used to set the regular budget scale had led to a situation whereby the European Union was contributing at a rate that was far in excess of its share of global wealth.

33. Maintaining international peace and security — a core activity of the United Nations — was a collective responsibility. The European Union, the chief contributor to the peacekeeping budgets, remained committed to providing adequate and efficient backing for peacekeeping operations. The reform of the peacekeeping scale in 2000 had been intended to provide an equitable and therefore sustainable basis for that essential task.

34. Although the peacekeeping scale should reflect the fundamental principle of capacity to pay and the special responsibilities of the permanent members of the Security Council for the maintenance of international peace and security, it should be so organized that all Member States were incentivized to take responsibility for effective management and

responsible budgeting, and the level of surcharge and contributions of those members should be sustainable. The reductions granted to developing countries had been a solidarity measure and were meant to complement the mechanisms already in place in the regular budget scale.

35. The European Union reaffirmed its support for the principles that underlaid the current methodology for the apportionment of peacekeeping expenses. However, a new analysis of that methodology could help ensure that the scale better reflected the principle of capacity to pay.

36. **Ms. Pataca** (Angola), speaking on behalf of the Group of African States, said that she trusted that, unlike at the sixty-third session of the General Assembly, there would be no attempt to make arbitrary cuts in the budgets of peacekeeping operations at the current session.

37. The current system of discounts in the peacekeeping scale recognized the individual capacities of Member States to contribute to the budgets of peacekeeping operations. However, the automatic application of that system had resulted in a situation whereby developing countries were placed in level B and forced to relinquish their discounts. The system should therefore be adjusted in order to ensure fair and just distribution of the levels of discounts.

38. Full and timely payment by Member States of their assessed contributions to the budgets of peacekeeping operations was a collective responsibility. In that connection, the Group was ready to retain the current methodology on condition that no developing country would be classified above level C. It also noted with appreciation that the exemptions requested under Article 19 of the Charter had been granted.

39. **Mr. Bart** (Saint Kitts and Nevis), speaking on behalf of the Caribbean Community (CARICOM), said that by maintaining the current methodology for the peacekeeping scale, which gave undue weight to GNI in determining a country's capacity to pay, the majority of developing countries would see substantial increases in their contribution rates for the period 2010-2012, even as their capacity to pay had been undermined by the global crisis.

40. The undue weight assigned to GNI did not reflect economic realities and had led to a situation whereby the Bahamas, a small island developing State, had been moved to level B as a result of automatic movement between categories. That had not been the understanding of CARICOM as to how the system provided for in General Assembly resolution 55/235 would function. The Bahamas should be returned to level C, and no developing country should be classified above level C unless that country had made a sovereign decision to voluntarily assume developed country responsibilities.

41. **Mr. Ba-Omar** (Oman), speaking on behalf of the States members of the Gulf Cooperation Council (GCC), said that, in accordance with the principle of common but differentiated responsibilities, the special responsibilities of the permanent members of the Security Council for the maintenance of international peace and security should be borne in mind in connection with their contributions to the financing of peacekeeping operations.

42. The automatic application of the current system of discounts had resulted in a situation whereby a developing country that was a member State of the Gulf Cooperation Council had been moved to level B. Any review of the current peacekeeping scale was contingent on the reclassification of the affected State in level C. All negotiations on the scale should be conducted in an open and transparent manner.

43. **Mr. Rashkow** (United States of America) said that the framework of discounts and premiums that was applied to the regular budget scale of assessments in order to apportion the expenses of peacekeeping operations was a carefully crafted agreement that sought to accommodate a variety of sometimes conflicting interests.

44. The Committee would be considering the regular budget and peacekeeping scales simultaneously at the current session and that would require careful consideration and deliberation by all Member States.

45. **Mr. Sugiura** (Japan) said that, as the Organization's second largest contributor, Japan attached great importance to both the regular budget and peacekeeping scales. His country had continued to pay its dues despite its difficult economic situation. Since the peacekeeping scale was based on the regular budget scale, discussion of the two was intimately linked.

46. In addition to the fundamental principle of capacity to pay, the principle of responsibility to pay

should also be borne in mind when discussing the peacekeeping scale. His delegation would participate actively in the negotiations on the peacekeeping scale on the basis of the foregoing principles.

47. **Ms. Bethel** (Bahamas) said that she had taken note of the Secretary-General's report on the implementation of General Assembly resolutions 55/235 and 55/236 (A/64/220), according to which, for the period 2010-2012, the Bahamas would be assigned to level B in the scale of assessments for the apportionment of the expenses of United Nations peacekeeping operations.

48. In that connection, she recalled that the Bahamas was a small island developing State with a population of just over 300,000. It therefore had limited human and economic resources and was susceptible to environmental disasters and external economic shocks. In addition, as an archipelago, it faced particular difficulties in the delivery of social and other services to the population of its 22 inhabited islands.

49. Against that backdrop, she wished to point out that the Bahamas had argued on numerous occasions in various international forums that GNI should not be given undue weight in determining States' capacity to pay, as it often led to distortions. That was particularly apparent in the calculation of the scale of assessments for peacekeeping operations, according to which the Bahamas was now in the same category as the world's most developed economies.

50. The current scale not only placed an increased burden on the Bahamas, but also penalized its efforts to achieve economic growth. The GNI criterion did not adequately reflect the vulnerability of its economy or the extraordinary costs of infrastructure duplication owing to its status as an archipelago. It was also ironic that her country was being called upon to assume a greater share of the financial burden for peacekeeping operations when its economy was facing serious challenges as a result of the current economic and financial crises.

51. The Bahamas had never shirked its responsibilities and was committed to paying its assessed contributions in full, on time and without conditions. However, the assignment of the Bahamas to level B would result in the imposition of an unfair and burdensome assessment on her country. The United Nations was indispensable for small States and it was in their interest to ensure that all its activities, including peacekeeping operations, were effective, efficient and properly financed. That financing was a shared burden, and its allocation should be based not only on the principles that underlaid the methodology of the peacekeeping scale, but also on the principles of justice and fairness.

52. The assignment of the Bahamas to level B in the scale of assessments was not appropriate in view of its economic situation. Unless a country had requested assignment to a specific level, the appropriate level for developing countries was level C.

53. **Mr. Loy** Hui Chien (Singapore) said that, as a small country with few resources, Singapore could not make substantial military or financial contributions to the Organization's peacekeeping operations. Nonetheless, it had paid its assessed contributions in full, on time and without conditions. It had also consistently argued for a peacekeeping scale that was just and that would put peacekeeping activities on a sound and predictable financial footing.

54. The special responsibilities of the permanent members of the Security Council for collective security should underpin any discussion of the peacekeeping scale. Those members, by virtue of their permanent status and the right of veto, had greater power and influence than other Member States and were obliged to accept the responsibilities that came with such power and influence. Therefore, as long as there were permanent members of the Security Council, there should always be a level A in the system of discounts for the peacekeeping scale.

55. The current composition of the peacekeeping scale, with its 10 levels of contribution, had been developed after painstaking negotiations at the fifty-fifth session of the General Assembly. At that time, his country had indicated that it would support a peacekeeping scale whose structure did not disadvantage any country or group of countries. While it intended to keep an open mind regarding the current review, his Government was firmly opposed to any change to the current system that would result in countries being placed against their will in a higher level or that would force them to accept further reductions in their discounts.

56. The peacekeeping scale should reflect political and economic realities and not be constrained by artificial constructs. For example, less populous developing countries had deceptively high per capita

GNI that did not accurately reflect their place in the international community. It was therefore neither equitable nor just for developing countries to be assigned to level B solely on the basis of per capita GNI.

57. The requests of developing countries with regard to the peacekeeping scale were modest and should be given due consideration by the Committee. While the current system of discounts might serve as a guide indicating the capacity of a Member State to contribute to the financing of peacekeeping operations, it was an imperfect method because it did not take into account the unique situation of developing countries.

The meeting rose at 12 p.m.